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OPENING STATEMENT BY
DEPUTY ASSISTANT SECRETARY JAMES R. LILLEY
SENATE FOREIGN RELATIONS COMMITTEE

APRIL 29, 1986

I am pleased to be here today to discuss the proposed sale of aircraft avionics components to the People's Republic of China for use in modernization of the F-8 high altitude air defense interceptor.

This proposed sale has focused attention on our military cooperation with China. Much has been said about this cooperation. As the Congress considers this issue, it is important to maintain our perspective as to what our cooperation is and what it is not and to base our discussion on how this issue fits into both our broader policy toward China and developments in the region.

The last four administrations have worked to develop stronger relations with the People's Republic of China. Since the establishment of diplomatic relations in 1979, US-China ties have broadened significantly. The strengthening of our bilateral relationship has resulted in many benefits to the United States, including increased trade, extensive contact between the peoples of our nations, cooperation in educational and cultural spheres, and a wide-ranging exchange of views on regional and global issues during high-level visits. Although

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we do not always agree on international issues, our dialogue has increased understanding of our respective positions and, we believe, reduced potential areas of disagreement between us. Moreover, friendly relations between the U.S. and China have contributed to a reduction of tensions in the Asia-Pacific region.

A part of our growing relationship is the increased cooperation in the military sphere, including sales of some defensive arms to China. This limited military cooperation is based on the assessment that the United States and China share certain important parallel interests. Foremost among these is a common security concern--the threat posed to both of our countries and the entire Asia-Pacific region by the Soviet Union. The willingness of the US to sell specific defensive weapons or technologies to the PRC is based on a thorough analysis of each item's utility for enhancing Chinese defensive capabilities, taking into full consideration the political-military environment and the interests and concerns of our other friends and allies in the region.

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The proposed program for an upgrade of 50 F-8 air defense interceptor aircraft, to be completed about 1995 or 1996, will contribute to China's ability to defend its airspace against the threat from the Soviet Union. The program was very carefully reviewed to insure that the upgrade would not provide an offensive capability that could be threatening to allies and friends, including Taiwan, in the region.

Our military cooperation with China is proceeding cautiously and deliberately. We believe that the proposed program to assist with the upgrade of the F-8 defensive interceptor aircraft is an area where cooperation to strengthen China's defensive capabilities will not concomitantly jeopardize the security of other Asian friends and allies. We believe strongly that our interests are better served by developing cooperative economic, trade, political and military ties with the PRC than by refusing to assist them in their modernization efforts in all appropriate areas of activity. The current trend in US-China relations is a positive trend which is aimed at contributing to the security, not only of China and the United States, but our other friends and allies as well.

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For nearly a decade, China has sought to modernize four key sectors -- industry, agriculture, science and technology, and military. A key element in these modernizations is the acquisition of foreign technology. The military element is the fourth priority and has been severely constrained by budget limitations despite having to face 49 Soviet divisions comprising half a million men on the Sino-Soviet border as well as up to 44 Vietnamese divisions in the South. Major efforts are underway to reduce the number of soldiers by one million men as well as to reform leadership, organization, training, and military doctrine. The goal is a leaner, better equipped, better trained and organized, and better led armed force so as to meet China's main security threats. The budget constraints, however, have delayed procurement and production of new equipment and China's defense industries have increasingly been civilianized to produce non-military consumer goods. The hope is to obtain needed defensive equipment from abroad, although such procurement will continue to be limited by the increasing lack of foreign exchange.

As we consider our military cooperation with China, we have carefully considered the opinions of our friends and allies in East and Southeast Asia. We have made it clear that our cooperation is limited to defensive equipment. We believe these countries understand our rationale and appreciate our caution. While some of them still are concerned that we will move beyond our well defined limitations, their reactions have been muted.

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There has been concern expressed about the impact of this sale on Taiwan. It is indeed true that Taiwan is distressed about U.S. military assistance to the PRC and support for the F-8 in particular. However, we believe that if this single program of assistance to a small number of aircraft is put into the proper perspective it will be difficult to claim that it potentially constitutes a significantly increased threat to Taiwan. Taiwan is a dynamic, vigorous society. It has a rapidly growing economy and a stable political system, and these two factors are key deterrents to efforts by any one seeking to alter the course of developments there by force. I need cite only a few statistics. Taiwan's per capita gross national product is currently over US \$3,000 a year and there is every reason to believe that by the end of the century it will rise to US\$ 12,000. In addition, every increase in prosperity is equitably distributed, further encouraging economic development and reducing social tensions. Taiwan's total trade was US\$ 50.8 billion in 1985, putting it into the top 15 trading entities in the world. Taiwan is the 5th largest trading partner of the US with a total trade in 1985 of \$22.8 billion. Taiwan's foreign exchange holdings are \$28 billion. By many other yardsticks also, Taiwan is a significant actor on the Asian scene. Taiwan's economy is now graduating into the high technology manufacturers which should permit its export economy to continue to grow. Although

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understandably concerned by the military situation, Taiwan remains confident in maintaining the growth of its economy and in continuing its political progress with stability. Foreign as well as domestic investors give the practical vote of confidence on which Taiwan's prosperity and stability rest. We therefore think that there are good grounds for Taiwan to continue to act with confidence.

Even though the situation has occasionally been tense in the Taiwan strait, it has been basically peaceful for nearly thirty years. This can only be explained by a complex of factors, political, economic, and psychological, as well as military. We believe that this realistic appraisal is shared by the government in Beijing. It has authoritatively stated that its fundamental and consistent policy is peaceful reunification. That policy was at the center of the negotiations which led to the August 17, 1982 Joint Communique. In that document, the United States acknowledged this fundamental Chinese policy. As stated in then Assistant Secretary Holdridge's August 18, 1982 statement before the House Foreign Affairs Committee, our willingness to make "adjustments in our arms sales to Taiwan had to be premised on a continuation of China's peaceful policy." He went on to say that "while we have no reason to believe that China's policy will change, an inescapable corollary to these mutually interdependent policies is that should that happen, we will reassess ours."

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Although there have been occasional, troubling remarks suggesting possible future military actions and Beijing declines to renounce formally the use of force to resolve what it considers to be an internal matter, we believe that Beijing shares our view that the use or threat of force could complicate this issue rather than facilitate its settlement.

Taipei has responded negatively to Beijing's overtures for formal talks about reunification, beginning with political talks about three areas of interim contacts (trade, visits, and communications) on the grounds that Beijing's proposals are not sincere. However, the substance about which Beijing wishes interim talks has been developing. Trade over the years has been increasing, and 1985 trade nearly doubled over the previous year to a level of \$1.1 billion in two way trade, much of it Taiwan exports. There are increasing contacts between individuals and private organizations in key areas such as science, technology, and culture. While direct communications are opposed by Taiwan, indirect communications assure that the positions of each side is understood by the other. There may eventually be an interest in greater contacts provided they are to their mutual advantage.

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A key aspect of Taiwan's confidence is the U.S. commitment. The Taiwan Relations Act is a fundamental affirmation of the strong support which the United States gives to Taiwan and of the interest which the U.S. has in having any resolution of the future of Taiwan by the Chinese themselves be peaceful. Lest this support be seen merely as verbal and moral, the Taiwan Relations Act specifies that "the United States will make available to Taiwan such defense articles and services in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defense capability." This has been a consistent policy since the enactment of that legislation in 1979, and we see no sentiment for changing that policy. In 1982 at the signing of the Joint Communiqué, the United States realized that this complicated statement, arrived at after extensive negotiations, gave grounds for concerns on Taiwan, and six reassurances were given to Taiwan. In addition to stating that the United States "had no intention whatsoever to revise the Taiwan Relations Act" and "had not agreed to hold prior consultations with the People's Republic of China on arms sales and military items to be sold to Taiwan," there were assurances that the U.S. would "not exert pressure on Taiwan to enter into negotiations with the People's Republic of China." We believe that Taipei and Beijing both understand the firmness of the U.S. in implementing the Taiwan Relations Act. Our arms sale have been significant. Although decreasing gradually as

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agreed to in the August 17, 1982 communique, they have remained adequate given the current situation in the Taiwan Strait. In addition, Taiwan is increasing its reliance on indigenous efforts for reasons of national pride as well as sound economic grounds. We have for many years supported this Taiwan policy, and we will continue to do so.

This Administration seeks the continuation of our growing ties with China while maintaining our firm commitment under the TRA to the security of the people on Taiwan. We remain optimistic about the future and believe our willingness to cooperate with China in its modernization efforts -- including cautious and prudent cooperation in the field of military modernization -- will provide stability and peace in the East Asia region in the years ahead.

Thank you for your attention. I would be happy to answer your questions.

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Q1. Does the China policy of the United States remain on its two tracks: improvement of strategic, political, economic and other relations with the People's Republic of China; and the maintenance of historically friendly ties with the Republic of China?

A1. There has been no change in US policy; please refer to the transcript of the open and closed hearings before the Senate Foreign Relations Committee of April 29, 1986.

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- Q2. Given the Joint Communique of 1982 between the PRC and the US regarding US arms sales to Taiwan, has the US terminated sales of military arms and services to Taiwan? Have we reduced gradually our arms sales to Taiwan until such a termination date is reached? Have we capped the potential sales at the present or some past qualitative and quantitative levels?
- A2. Please refer to the transcript of the open and closed hearings before the Senate Foreign Relations Committee of April 29, 1986 which set forth the US policy on implementation of the Taiwan Relations Act and the Joint Communique of August 17, 1982.

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Q3. What does this proposed sale to the PRC do to the military balance in the region? Vis-a-vis Taiwan? Other Asian countries?

A3. Please refer to the transcript of the open and closed hearings before the Senate Foreign Relations Committee of April 29, 1986.

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Q4. What steps would be necessary to upgrade Taiwan's forces should this sale proceed? Will the US provide necessary assistance to Taiwan?

A4. Please refer to the transcript of the open and closed hearings before the Senate Foreign Relations Committee of April 29, 1986.

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Q5. In terms of total military forces Taiwan is out-numbered by a ratio of 10:1. Clearly, in a major military confrontation between the two armed forces the ROC would face almost certain defeat. How do you estimate the current threat of such an invasion? Do you view the military capabilities of the PRC vs. ROC differently than the numbers appear to suggest?

A5. There are a number of factors, both political and military, which make the possibility of a PRC attempt to recover Taiwan by force extremely unlikely. Military factors, including China's lack of sufficient troop and materiel transport capability, Taiwan's strong defense posture, including its air capability in the Taiwan Strait area make the chances for success of any offensive action highly problematical. Beijing has had for several years the ability to prevail if willing to take heavy losses. Improved fighters for the PRC would reduce the cost somewhat, but losses would remain heavy. In addition, Beijing would have to draw down its air power along the sensitive Soviet and Vietnamese fronts to undertake any air attack on Taiwan.

On the political side, an invasion attempt would have a disastrous impact on China's relations with its Asian neighbors, Western Europe, and the United States on which China is dependent for infusions of technology and equipment for its modernization program.

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- Q6. It is often argued that the extent of the PRC naval threat to Taiwan depends on control of the air space over the Taiwan Strait. How does this proposed sale effect the overall threat posed by the PRC Air Force?
- A6. Please refer to the transcript of the open and closed hearings before the Senate Foreign Relations Committee of April 29, 1986.

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- Q7. How will improving relations impact the deterrent threshold that must be met by Taiwan's strictly military capabilities? Haven't political trends since the Vietnam War contributed to Taiwan's anxiety about the need to modernize. What would improved Sino-Soviet relations imply in this regional theater?
- A7. Please refer to the transcript of the open and closed hearings before the Senate Foreign Relations Committee of April 29, 1986.

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Q8. Can you bring us up to date on Taiwan's purchase of sophisticated ASW equipment, including variable depth sonar, Anti-Submarine Rockets, and the two SWAARDIS-Class conventional submarines from the Netherlands? When will these subs be delivered given the financial difficulties at the RIJN-Schedule-Verolme Shipyard where they are being built?

A8. Variable depth sonar already has been approved in principle for Taiwan contingent on awaiting a specific request. Taiwan already has ASROC (Anti-Submarine Rocket) in its inventory. The Dutch subs, scheduled to be launched in June of '86, will require approximately 8-12 months of tests. Current plans are to deliver the subs in late summer '87.

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Holms Q's & A's

Q1. The prospective sale of avionics to the PRC raises questions which go beyond this sale itself. Military sales should serve the national interest of the United States.

In this regard, please describe the Administration's strategic thinking which underlies closer military ties with the PRC.

A1. This question was addressed in the closed hearing before the Senate Foreign Relations Committee on April 29, 1986.

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Q2. The Administration has made the point that the avionics sale will give the PRC 1970s technology in the 1990s. Yet others, Admiral Watkins for instance, see this sale as the beginning of a relationship which would provide much more modern equipment.

Is there an Administration policy on the quality of equipment we will sell to the PRC?

A2. This question was addressed in the closed hearing before the Senate Foreign Relations Committee on April 29, 1986.

Q4. Is there any evidence that the PRG is at all interested in what we think they ought to do militarily?

A4. This question was addressed in the closed hearing before the Senate Foreign relations Committee on April 29, 1986.

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Q5. The Soviet Union's position in Asia has always confronted us, our friends and our allies with a security problem. It is easy to see how the PRC might have this in common with us. But over recent years the Soviet Union has expanded its threat in Asia. Its blue water navy and naval aviation challenge our security from Alaska, through Korea and Japan, down through Taiwan and the Philippines to Indonesia, the ASEAN countries and Australia. Is there any indication that the PRC shares this greater definition of the Soviet threat?

A5. The Chinese perception of the Soviet threat continues to focus on the long-term, with specific emphasis on the situations along the Sino-Soviet border, in Afghanistan and in Cambodia and Vietnam. The Chinese appreciate the threat of Soviet expansionist policies. Senior Chinese military leaders talk extensively about the "grave" situation in the Asia and Pacific region, and the threat posed by the Soviet's southward push towards the economic life lines of the West.

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Q6. In what regard are US and PRC strategic goals in Asia similar? In what regard do they differ?

A6. This question was addressed in the closed hearing before the Senate Foreign Relations Committee on April 29, 1986.

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Q7. In the Administration's view, will the PRC ever take on military roles to meet the Soviet threat apart from the one on its immediate border?

A7. For the near-term it is highly unlikely China will have the military means or political will to devote the resources needed to meet the Soviet threat to them apart from gradually improving their deterrence of the massive conventional Soviet build-up of half a million men on their northern border. In addition, China deploys a significant number of its best ground forces in the South along the Vietnamese border and ties down Soviet-supported Vietnamese troops that otherwise could be sent to Cambodia. China also works closely with other countries, including the United States, in opposing the Soviet occupation of Afghanistan. China has little military capability to project significant air and naval power beyond its borders now or in the foreseeable future, apart from its limited strategic nuclear capability. Any Chinese effort to develop a conventional capability too rapidly that could project power rather than augment defense would cause concern to China's ASEAN neighbors as well as the Republic of Korea, Japan, and Taiwan.

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Q8. If yes, how much of a role do we want the PRC to play? What kind of coordination should there be between us and other allied forces and PRC forces?

A8. As noted in the answer to question 7, the Administration does not foresee a military role for China, beyond the defense of its territory, in the near-term. Moreover, the US and its Asian allies do not seek a strategic alliance with the PRC or even tacit understandings, which would coordinate our force deployments.

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Q9. A recent Washington Post article attributed to Admiral Watkins a statement that in January the United States and PRC navies conducted an exercise in the South China Sea. The PRC has said only that the navies met and exchanged greetings.

Are US and PRC forces conducting joint exercises? If yes, why is the PRC reluctant to characterize them as such?

A9. This question was addressed in the closed hearing before the Senate Foreign Relations Committee on April 29, 1986.

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Q10. How do our friends and allies view the idea that the PRC could become one of the elements upon which we all depend for our defense?

A10. This question was addressed in the closed hearing, before the Senate Foreign Relations Committee on April 29, 1986.

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Q11. As Soviet power in the Pacific has grown, our relations with the PRC have improved and those with the ROC have become more ambiguous.

Has anyone considered persuading the ROC to take a greater role to meet the Soviet challenge? If yes, what has been their reaction? If no, why not?

Would it not be preferable to have an ally like the ROC cooperate with us on common defense requirements?

All. It is United States policy, pursuant to the Taiwan Relations Act, to make available to Taiwan defense articles and services to enable Taiwan to maintain a self-defense capability. This policy does not envision Taiwan taking on a military posture beyond this self-defense role.

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Q12. In the Administration's view, what part should the ROC play in the defense of Asia?

A12. As indicated above, the Administration views the role of the Taiwan Armed Forces to be to meet the self-defense requirements of Taiwan.

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Q13. What should the ROC military posture be, say by the year 2000?

A13. In recent years, there has been a decrease in tension in the Taiwan Strait which is conducive to an ultimate peaceful resolution of the Taiwan question. Taiwan's future military posture will depend upon a continuation of the present peaceful environment in the area.

Q14.

If one accepts that the avionics, of themselves, would not threaten Taiwan, it is still hard to believe that if the United States helps the PRC with artillery, anti-tank, air defense, naval, anti-submarine and munitions programs, that Taiwan will not be threatened at some point.

At what point will we help the ROC to modernize its forces to match the PRC threat?

A14. US willingness to release specific defensive weapons or technologies to the PRC is based on a thorough analysis of an item's utility for enhancing the PRC defensive capabilities, taking into full consideration the political-military environment and the interests and concerns of our allies and friends in the region.

Pursuant to the Taiwan Relations Act, Taiwan's defense requirements are under constant review. The United States will continue to make available to Taiwan defense articles and services to enable Taiwan to maintain a sufficient self-defense capability.

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Q15. The PRC says that industrial modernization must take precedence over military modernization. How much do we estimate the PRC has to spend on military modernization?

A15. Early in China's modernization campaign the military was placed last among the so-called "Four Modernizations." Current resource allocations continue to emphasize total economic growth with defense constituting only a limited portion. China's 1985 state budget called for an allocation for defense of 18.7 billion yuan (\$5.8 billion) or 11.9 percent of that budget. Because China understates defense spending in its publicized budget, actual allocations to the military for 1985 probably were significantly greater. Based on a more comprehensive US definition of defense expenditure, we estimate the Chinese spent about 52 billion yuan (\$16.2 billion) for defense in 1985. Chinese spokesmen have stated that allocations for defense in the 1986 state budget are 20 billion yuan (\$6.25 billion). Our estimate is closer to \$17 billion. Of this figure \$3 billion will be spent on research, development, test, and evaluation; and \$7 billion on military procurement. Because the Chinese economy continues to grow, total funds available for military modernization will be slightly greater this year. We expect this trend to continue over the next three to five years.

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Q16. Do you believe the F-8 avionics is a wise use of their resources?

Q17. The PRC is known for seeking major financial transactions which later fall through or are severely curtailed. Could this happen with the avionics sale?

A16. and

A17. Air defense is one of China's most glaring weaknesses. While it is not for us to judge what is, or is not, a prudent use of generally scarce resources, the Chinese consider the F-8 avionics modernization a priority program. They already have invested heavily in the development of this indigenous aircraft, and from their point of view, the estimated cost of the program appears to be acceptable, and the funds apparently already budgeted.

There is, of course, no guarantee that they will agree to sign an FMS Letter of Offer and Acceptance (LOA) to implement the program. The Chinese are under no legal obligations to sign an LOA and accept the program. However, both sides have reached agreement on the scope and detail of the program, and all indications are that the Chinese will agree to move forward once Congressional and COCOM approvals are obtained. Program implementation is contingent on those approvals and signing of the LOA.

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Q18. What capability does the PRC have to gain technology from the avionics packages? For example, if they were to sacrifice a few of them, never to seek US maintenance of them, and take them apart, how good are they at acquiring and adapting technology in this way?

A18. This question was answered in the package of unclassified and classified materials provided on April 29, 1986, specifically the answers to question 11.

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Q19. Could any technical gains be made which would help the PRC enhance the A-5, F-7 or any other fighter or attack aircraft?

A19. This question was answered in the package of unclassified and classified materials provided on April 29, 1986, specifically the answers to question 6.

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Q20. Is the PRC talking to any other country for other equipment, weapons or upgrades for the F-8?

A20. The Chinese are heavily involved worldwide in major efforts to modernize their aircraft industry through interaction and cooperation with the broad scope of aerospace contractors. The PRC has formed joint venture companies with American, European and Asia-based firms to improve aircraft of Chinese manufacture. They are seeking to develop new generation transport aircraft through cooperative programs with the US, Japan and various European nations. In regard to the F-8 specifically, it is likely that the Chinese are examining the wide variety of equipment and weapons options available to them on the European market. It appears that several European companies in the UK, France and Italy were prepared to bid on avionics modernization program; however, the Chinese appear to have chosen instead to go with the US proposal.

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Q21. What types of AA missiles could be mated with the avionics system?

A21. Two basic types of air-to-air missiles (AAM) could be mated with the US-provided avionics system for the F-8: a short-range infra-red (IR) AAM, and, a medium-range radar AAM. Range limitations placed on the radar preclude the ability to employ long-range standoff AAMs. In any event, integration of any missile can only be accomplished with the assistance of the US prime integration contractor under the supervision of the Air Force.

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Q22. Could any foreign system be mated without US help?
With US help?

A22. Foreign systems, equipment or weapons could not be mated with the US-developed and integrated avionics system without assistance. This is due to US control of system software and software documentation (software "technical data"). Qualified foreign systems could be mated with US help by the prime integration contractor under US Air Force supervision, but only after USG review of, and concurrence with, such a request. Such requests will be reviewed on a case-by-case basis.

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Q23. Would the United States consider mating a foreign AA missile with the avionics?

A23. Any PRC request to mate a foreign air-to-air missile to the US-developed avionics suite would be considered by the USG on a case-by-case basis. Such a case-by-case consideration would carefully assess the broad scope of political, military and technology transfer issues necessarily involved in such decision-making. The ultimate decision would be based on an assessment of whether the best interests of the United States are served, and will take into consideration the impact on our friends and allies in the region.

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Q24. Evaluate the upgrade F-8 as a platform for stand-off weapons.

A24. The F-8 possesses the physical capacity (large size, payload capability, range) to function as a platform for stand-off weapons; however, the configuration of the aircraft's avionics system will not permit incorporation of such weaponry without the cooperation of the US integration contractor and the US Air Force after a USG review of the issue. Stand-off weapons could be physically mated to the aircraft; however, where mated without integration, none of the enhanced delivery capabilities of the fire control system would be available. It becomes problematic whether such a valuable aircraft resource would be employed in this manner when other aircraft without improved avionics systems would be equally capable.

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F-8 PROGRAM QUESTIONS AND ANSWERS
(Unclassified Version)

QUESTION 1: Describe precisely the capability which the avionics packages can provide.

ANSWER: (UNCLASSIFIED) The US-proposed avionics system for the F-8 includes the following major items of equipment: an airborne radar; heads-up display (HUD); digital data bus; inertial navigation system (INS); mission computer; and, air data computer. These major avionics components, once integrated into a system, will be designed for the defensive air intercept mission. The radar will have the capability for look-down search and track of low-flying bombers and fighter-bombers. In terms of technology and capability, the US avionics package is similar to other western export systems available.

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QUESTION 2: Compare the planned upgraded capability of the F-8 with the Soviet threat for which it is intended.

ANSWER: (UNCLASSIFIED) With the Chinese aircraft possessing the present avionics, any intrusion into Chinese air space by either the Soviet front line bombers or reconnaissance aircraft would be unchallenged by the Chinese. Chinese ground radar, communications, and SAMs are also antiquated. Despite the limited numbers of upgraded F-8s, the Chinese will be able to inject a degree of uncertainty into Soviet planning, and thereby make the Chinese air defense more credible.

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QUESTION 4: If the threat presented by the upgraded F-8 is non-existent or minimal, explain how the outnumbered ROC Air Force, without an all-weather or look-down/shoot-down capability, could maintain superiority without taking unacceptable losses to its small force.

ANSWER: (UNCLASSIFIED) Due to the PRC's overwhelming numerical advantages in combat aircraft, Taiwan's strategy to meet a hypothetical attack by the PRC has not been dependent on attaining and maintaining general air superiority over the Taiwan Strait. However, Taiwan's qualitative edge in terms of equipment, training, and tactics, in concert with modern and extremely effective ground-based air defenses, would extract unacceptably heavy losses in any engagement with the PRC Over Taiwan. This general situation provides Taiwan with a significant deterrent capability.

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QUESTION 5: Describe the full extent of cooperation contemplated between the United States and Communist China in the field of air forces, naval aviation and air defense.

ANSWER: (UNCLASSIFIED) Over the two and one half years since Secretary Weinberger visited China, four military mission areas have emerged as the focal point of US-China military technology cooperation. The four mission areas are:

- ANTI-TANK
- ARTILLERY
- AIR DEFENSE
- SURFACE-SHIP ANTISUBMARINE WARFARE

Using these mission areas as the basis for discussion permitted both sides to concentrate on developing cooperative programs keyed to specific Chinese defensive requirements and to identify systems and technologies which most appropriately met those requirements.

The only active cooperative program in the air-defense mission area is the avionics modernization for the F-8 high altitude interceptor. The F-8 is a Chinese developed, twin-engine, delta-wing, high-altitude interceptor designed to counter the Soviet bomber threat.

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QUESTION 6: Specifically, is there any discussion of assisting Communist China in any way with its A-5 or F-7 aircraft?

ANSWER: (UNCLASSIFIED) No.

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QUESTION 7: Describe fully the capabilities of an upgraded F-8 aircraft. Be specific with regard to any particular type or variant of the F-8 being discussed.

ANSWER: (UNCLASSIFIED) The F-8 aircraft upgraded with a US avionics system is designed to provide the PRC with increased air defense capability. This modernized interceptor aircraft will permit China to more adequately address the air threat along its border with the Soviet Union, particularly to maintain sovereign control of national airspace in peacetime. However, because of the large numbers of forces deployed along the Sino-Soviet border, the addition of 50 modernized F-8s will not significantly alter the overall balance of forces in wartime.

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QUESTION 8: Considering the total Communist Chinese air defense system, and considering Soviet assets and likely tactics, evaluate the contribution the upgraded F-8s will make to air defense.

ANSWER: For UNCLASSIFIED answer, see response to Questions 2 and 7.

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QUESTION 9: What weapons systems will be mated with the proposed avionics packages for the F-8?

ANSWER: (UNCLASSIFIED) The US Government has agreed to the integration of selected Chinese weapons into the US-supplied avionics system for the F-8. The principal weapons are air-to-air armaments used to support the F-8s primary role as a defensive interceptor aircraft.

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QUESTION 10: Does the U.S. anticipate approving mating a third country air-to-air missile with the U.S. avionics package on the F-87

ANSWER: (UNCLASSIFIED) Any Chinese request to integrate weapons beyond those currently agreed to would be reviewed by the U.S. government on a case-by-case basis.

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QUESTION 11: Assess the ability of the Communist Chinese to acquire pieces of military technology, including the avionics for the United States, from various suppliers, study them, reverse engineer and create a system which would threaten the ROC.

ANSWER: (UNCLASSIFIED) The People's Republic of China has attempted in the past, without much success, to reverse-engineer high-technology items acquired abroad. The reasons for their failure include a lack of materials, materials-handling knowledge, precision electronics foundation, manufacturing techniques and processes necessary to duplicate the item. Moreover, many of these techniques and processes are not readily transferred by western governments and companies for proprietary reasons.

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QUESTION 12: If the United States and other Western countries helped Communist China's air force in various ways, is it possible that the spin-off would result in an air force more capable than the sum of the assistance given would indicate?

ANSWER: (UNCLASSIFIED) This is unlikely. Again, the "systems approach" is what is necessary to make the Chinese Air force more effective. Fielding an advanced weapons system is a complex undertaking requiring systems analysis and involving logistics, training, tactics, systems integration, operational concept changes, together with modern technology.

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QUESTION 13: The upgraded F-8s will be on line in the early- to mid-nineties. Assess the projected Communist China/ROC balance of air power at the time.

ANSWER: (UNCLASSIFIED) The balance of air forces in the Taiwan Strait will not dramatically change in the next decade despite likely changes in numbers and types of aircraft deployed, and advances in their sophistication. The PRC will continue to have the capacity to employ overwhelming numbers of combat aircraft in the unlikely scenario of a serious confrontation with Taiwan, and will maintain its current capability to establish effective localized air superiority in the Taiwan Strait area. The Taiwan Air Force (TAF) will continue to rely heavily on effective training and evolving tactics to maintain a high degree of force effectiveness during the period of indigenous development of a new defensive fighter aircraft. Taiwan views this aircraft's development as important to provide for its defensive needs into the 21st Century.

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QUESTION 14: If the Communist Chinese Air Force is going to modernize, with or without US help, what steps would be prudent for the ROC Air Force to take?

ANSWER: (UNCLASSIFIED) Modernization of China's Air Force, whether through outside assistance or indigenous efforts, will be a gradual, step-by-step process. The Taiwan Air Force has taken, and continues to take, a number of steps to maintain its qualitative edge. These are not limited to hardware improvements alone, but also include the important areas of training, logistics, various forms of ground-based support, and tactics. These steps, in concert with other indigenous developments, will continue to provide Taiwan with a sufficient defensive capability.

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QUESTIONS 15 and 16: Has the ROC asked the United States for help in this regard? If it has, what is the current US policy with regard to assisting the ROC?

ANSWER: (UNCLASSIFIED) Yes, Taiwan has asked for some help. Such assistance and other US military interaction with Taiwan is conducted within the framework provided by the Taiwan Relations Act (TRA) of 1979 and the US-PRC August 1982 Joint Communiqué. In this context, US policy regarding military interaction with Taiwan continues to seek the maintenance of a self-defense capability sufficient to meet the military needs of Taiwan, but with the understanding that China's adherence to a peaceful approach to the Taiwan question will permit gradual reductions in arms sales.

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CONFIDENTIAL

F-8 PROGRAM QUESTIONS AND ANSWERS
(Classified Version)

QUESTION 1: Describe precisely the capability which the avionics packages can provide.

ANSWER: (CONFIDENTIAL) [

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UNCLASSIFIED

QUESTION 2: Compare the planned upgraded capability of the F-8 with the Soviet threat for which it is intended.

ANSWER: (UNCLASSIFIED) With the Chinese aircraft possessing the present avionics, any intrusion into Chinese air space by either the Soviet front line bombers or reconnaissance aircraft would be unchallenged by the Chinese. Chinese ground radar, communications, and SAMs are also antiquated. Despite the limited numbers of upgraded F-8s, the Chinese will be able to inject a degree of uncertainty into Soviet planning, and thereby make the Chinese air defense more credible.

UNCLASSIFIED

DECLASSIFIED
SECRET NOFORN

QUESTION 3: Evaluate whether the upgraded F-8 would present a threat to the Republic of China.

ANSWER: (SECRET NOFORN) [

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SECRET NOFORN

SECRET/NOFORN

QUESTION 4: If the threat presented by the upgraded F-8 is non-existent or minimal, explain how the outnumbered ROC air force, without an all-weather or look-down/shoot-down capability, could maintain superiority without taking unacceptable losses to its small force.

ANSWER: (SECRET/NOFORN) [

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SECRET/NOFORN

CONFIDENTIAL

QUESTION 5: Describe the full extent of cooperation contemplated between the United States and Communist China in the field of air forces, naval aviation and air defense.

ANSWER: (CONFIDENTIAL) [

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CONFIDENTIAL

SECRET

QUESTION 6: Specifically, is there any discussion of assisting Communist China in any way with its A-5 or F-7 aircraft?

ANSWER: (SECRET) [

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SECRET

QUESTION 7: Describe fully the capabilities of an upgraded F-8 aircraft. Be specific with regard to any particular type or variant of the F-8 being discussed.

ANSWER: (SECRET) [

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SECRET

CONFIDENTIAL

QUESTION 8: Considering the total Communist Chinese air defense system, and considering Soviet assets and likely tactics, evaluate the contribution the upgraded F-8s will make to air defense.

ANSWER: (CONFIDENTIAL) [

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CONFIDENTIAL

QUESTION 9: What weapons systems will be mated with the proposed avionics packages for the F-8?

ANSWER: (CONFIDENTIAL) [

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CONFIDENTIAL

CONFIDENTIAL

QUESTION 10: Does the U.S. anticipate approving mating a third country air-to-air missile with the U.S. avionics package on the F-87

ANSWER: (CONFIDENTIAL) [

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CONFIDENTIAL

DECLASSIFIED
CONFIDENTIAL

QUESTION 11: Assess the ability of the Communist Chinese to acquire pieces of military technology, including the avionics for the United States, from various suppliers, study them, reverse engineer and create a system which would threaten the ROC.

ANSWER: (CONFIDENTIAL) [

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CONFIDENTIAL

DECLASSIFIED
CONFIDENTIAL

QUESTION 12: If the United States and other Western countries helped Communist China's air force in various ways, is it possible that the spin-off would result in an air force more capable than the sum of the assistance given would indicate?

ANSWER: (CONFIDENTIAL) [

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CONFIDENTIAL

DECLASSIFIED

Secret/NOFORN

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Secret/NOFORN

SECRET - NOFORN

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SECRET - NOFORN

DECLASSIFIED
UNCLASSIFIED

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